

## Legal Due Diligence

**PROJECT TITLE: Bio-CLIMA: Integrated climate action to reduce deforestation and strengthen resilience in BOSAWÁS and Rio San Juan Biospheres.**

**ACCREDITED ENTITY: CENTRAL AMERICAN BANK FOR ECONOMIC INTEGRATION (CABEI)**

*Please provide the following information:*

1. *Details of any government or regulatory approvals, licenses or permits required for implementing and operating the project/programme, the relevant issuing authority, and the date of issuance or expected date of issuance.*

**Response:**

- Relevant information is provided in the table 1 that follows, which contains information on the project's outputs, activities, and the applicable government approvals, licenses or permits required for the implementation of the project.

2. *Describe applicable taxes (or exemptions thereof) and foreign exchange regulations related to the project/programme.*

**Response:**

- The disbursements and payments made directly by CABEI, either with its resources or the resources from the GCF, benefit from the tax exemption. CABEI confirms that the CABEI-Government of Nicaragua contract agreements will include a clause to require that the payments made by the Government of Nicaragua to CABEI are free and clear of taxes.
- The currency that will be used for all the management of the funds and the project flows will be US \$. Payments to be made as part of the activities may be in US \$ or in local currency. In the case of payments in local currency, the official exchange rate of the Central Bank of Nicaragua will be applied, on the day the payment is made.

3. *Details of any insurance policies or requirements related to the project/programme.*

**Response:**

- Insurance policies or requirements are not applicable to the project.

**Table 1. Applicable Regulations and Government Approvals**

Outputs	Activities	Regulations/Issuing Authority and Date of Issuance	Taxes	Insurance
COMPONENT 1: CONSERVING AND PRODUCING FOR LIFE				
Sub-component 1.1 Land use and management planning for landscape restoration, forest conservation and climate-resilient production				
Output 1.1.1 Land use/management plans formulated; and restoration/conservation agreements signed/formalized with beneficiaries	1.1.1.1 Assist small producers to formulate Land Use-Management Plans (LUMPs) with business plans (BPs).	In addition to the technical assistance provided by the participating institutions, there are legal instruments that establish administrative provisions for the development of these activities, such as: Law No. 28, Statute of Autonomy of the Regions of the Atlantic Coast of Nicaragua and its Regulation Decree AN No. 3584, Regulation to Law 28.	N/A	N/A
	1.1.1.2 Assist indigenous communities to formulate Territorial Development Plans (TDPs) including business plans (BPs).			
	1.1.1.3 Assist middle sized producers to formulate Land Use-Management Plans (LUMPs) with business plans (BPs).	Law No. 445, Regime of communal property of indigenous peoples and ethnic communities of the autonomous regions of the Atlantic coast of Nicaragua and of the Bocay, Coco, Indio and Maíz rivers.		
	1.1.1.4 Facilitate celebration and formalization of landscape restoration and forest conservation agreements.	As established by Law 445, agreements will be signed between the GTI and the GRACC. Law No. 290, Organization, Competition and Procedures Law of the Executive Power.		
Sub-component 1.2 Investments in landscape restoration, forest conservation and climate-resilient production				
1.2.1 Degraded pasture- and rangeland restored.	1.2.1.1 Small producers (farm size < 35 ha) restore degraded pastures into climate resilient, biodiverse sustainable silvo-pastoral systems.	Decree 20-2017, Environmental Assessment System of Permits and Authorizations for the Sustainable Use of Natural Resources. In its Art. 97 establishes the procedure for granting environmental authorization for the use, management of soils and terrestrial ecosystems.	N/A	N/A
	1.2.1.2 Middle sized producers (farm size > 35 ha) restore degraded pastures into biodiverse silvo-pastoral systems.			
	1.2.1.3 Producers restore degraded pastures into biodiverse cocoa agroforest systems.			
	1.2.1.4 Reforest degraded land on slopes (> 50%) into biodiverse, Close to Nature Planted Forests (CTNPFs).			

1.2.2 Natural forest ecosystems and forest land conserved, restored and sustainably used.	1.2.2.1 Finance Sustainable Community Enterprises (SCE) in indigenous territories within protected areas for natural forest ecosystems conservation and use.	With Law No. 462. Law of Conservation, Promotion and Sustainable Development of the forestry sector, the National Forest Fund (Article 50) is created, to finance the programs and projects that are framed within the objectives of promoting this Law.	N/A	N/A
	1.2.2.2 Finance commercial Community Forest Management (CFM) sub-projects with business plans prepared by indigenous communities outside protected areas.			
	1.2.2.3 Finance commercial Community Forest Restoration (CFR) sub-projects with business plans prepared by indigenous communities outside protected areas.			
1.2.3 Farmer cooperatives, producer organizations and community enterprises access high-value markets.	1.2.3.1 Support cooperatives, producer organizations and indigenous community (SCEs and CRMR) to reach high-value markets.	Law No. 290, Law of Organization, Competition and Procedures of the Executive Power.	N/A	N/A
	1.2.3.2 Facilitate targeted business contacts between producer organizations and indigenous communities' enterprises with high value markets.			
	1.2.3.3 Support producer organizations and community enterprises in voluntary certification processes.			
COMPONENT 2: GOOD GOVERNANCE				
Sub-component 2.1 Regional natural resources governance strengthened				
2.1.1 Environmental authorities present at the regional and the local level, including municipalities and indigenous territory governments (GTIs) strengthened.	2.1.1.1 Hire new technical, extension and control personnel to work in the project area and indigenous territories.	Law No. 737, Law on administrative contracts in the public sector.	N/A	N/A
	2.1.1.2 Procure material, equipment and vehicles for regional and local institutions.			
	2.1.1.3 Grant public budget for operational expenses to regional/local environmental authorities, including Indigenous Territorial Governments.	In accordance with the Annual Law of the General Budget of the Republic of Nicaragua.		
2.1.2 Legal and normative framework up-dated.	2.1.2.1 Analyze and up-date forestry, environmental and land-use normative framework at national level.	Decree 01-2007, Regulation of Protected Areas of Nicaragua		
	2.1.2.2 Support regional / local environmental authorities to actualize the normative framework.			
	2.1.2.3 Up-date the management plans of the two protected areas: BOSAWAS and Indio Maíz.			
2.1.3 Public-private dialogue and cooperation strengthened.	2.1.3.1 Facilitate sectoral public-private dialogue at regional and local level.	Technical assistance and support from the institutions		

	2.1.3.2 Strengthen the Production, Consumption and Marketing System (SPCC) at regional level.			
Sub-component 2.2 Local organization, territorial oversight and law enforcement strengthened				
2.2.1 Territorial governments and local organizations strengthened.	2.2.1.1 Provide institutional strengthening to Indigenous Territorial Governments (GTIs).	Law No. 765, Law for the Promotion of Agroecological and Organic Production, approved on January 23, 2012, published in the Official Gazette No. 15 ..	N/A	N/A
	2.2.1.2 Provide organizational support to local producer organizations (indigenous and non-indigenous).			
	2.2.1.3 Provide legal support to legalize producer organizations, cooperatives and community enterprises.			
2.2.2 Forest, land-use and land use change administration, control and environmental law enforcement strengthened.	2.2.2.1 Operate mobile units and fixed control posts to control timber transport.	Law. No. 217, General Law of the Environment and Natural Resources with their incorporated reforms, published in the Official Gazette No. 20 of January 31, 2014.	N/A	N/A
	2.2.2.2 Operate deforestation control and forest fire prevention brigades.	Law No. 462. Law of Conservation, Promotion and Sustainable Development of the forestry sector		
	2.2.2.3 Operate indigenous people territorial defense and resources control brigades.			
COMPONENT 3: CAPACITY DEVELOPMENT FOR PRODUCTIVE LANDSCAPE RESTORATION AND FOREST CONSERVATION				
Sub-component 3.1 Capacity development through training.				
3.1.1 Technical personnel, extension workers and promoters trained.	3.1.1.1 Train technicians and extensionists in participatory land use planning (LUMP-b, TDPs-b).	Law No. 290, Organization, Competition and Procedures Law of the Executive Power.	N/A	N/A
	3.1.1.2 Train stakeholders to use the up-dated sectoral legal and normative framework.			
	3.1.1.3 Train technicians and extension workers to implement Productive Landscape Restoration / Forest Conservation Models.			
3.1.2 Producers and members of organizations/communities trained.	3.1.2.1 Provide organizational, management, financial and marketing training to producers and members of organizations/communities.		N/A	N/A
	3.1.2.2 Train producers in LUMP, TDP and Productive Landscape Restoration / Forest Conservation Models.			

Sub-component 3.2 Development of tools and instruments				
3.2.1 Information systems for climate resilient sustainable development and risk management are in place	3.2.1.1 Set up a deforestation and forest fires early-warning system.	Law 462: Law of Conservation, Promotion and Sustainable Development of the Forest Sector. Published in La Gaceta, Official Gazette No. 168 of September 4, 2003.	N/A	N/A
	3.2.1.2 Up-date and roll out the forest products administration and control system.			
	3.2.1.3 Monitor LULUC, deforestation and forest degradation.	Law. No. 217, General Law of the Environment and Natural Resources with their incorporated reforms, published in the Official Gazette No. 20 of January 31, 2014.		
	3.2.1.4 Install and monitor permanent plots of the National Forest Inventory (NFI) in the CR.	Law 462: Law of Conservation, Promotion and Sustainable Development of the Forest Sector. Published in La Gaceta, Official Gazette No. 168 of September 4, 2003.		
	3.2.1.5 Monitor biodiversity indicator species in 10% of plots of the NFI in the CR.			
	3.2.1.6 Monitor adaptation, mitigation and biodiversity impact of implemented productive landscape restoration/forest conservation models.	Law. No. 217, General Law of the Environment and Natural Resources with their incorporated reforms, published in the Official Gazette No. 20 of January 31, 2014.		
	3.2.1.7 Monitor climate, hydro-meteorological (including tropical storms, hurricanes, droughts) and pest risk phenomena in order to inform and emit alerts.	Law Decree No. 830: Creative Law of the Nicaraguan Institute for Territorial Studies, Published in La Gaceta, Official Gazette No. 224 of October 5, 1981.		
Sub-component 3.3 Development of public awareness				
3.3.1 The Public is more aware of the need for climate change adaptation, mitigation, landscape restoration and forest conservation.	3.3.3.1 Develop and roll-out a public communication strategy.  3.3.3.2 Undertake environmental education in local schools and communities.	Environmental Strategies and Climate Change; National Strategy for Environmental Education	N/A	N/A